

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 EB-07 COME-00 TRSE-00 PA-01

PRS-01 USIA-06 CIAE-00 INR-07 NSAE-00 /038 W

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R 231845Z MAY 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5272

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EO 11652: NA

TAGS: EAGR, EGEN, PE

SUBJ: GOP INTRODUCES NEW MEAT DISTRIBUTION SYSTEM

REF: LIMA 3671

1. ON MAY 15, THE GOP INSTITUTED A NEW SYSTEM OF MEAT (BEEF, PORK, GOAT, SHEEP) DISTRIBUTION IN ORDER TO PROVIDE MORE MEAT TO THE "POPULAR MARKETS" AT REASONABLE PRICES. TO DO THIS, THE GOP IS ATTEMPTING (1) TO LIMIT THE MEAT RETAILER'S PROFIT TO TEN PERCENT OF THE SELLING PRICE, (2) TO ELIMINATE THE MIDDLEMAN BY DEVISING A SYSTEM WHEREBY THE INDIVIDUAL RETAILER MUST PURCHASE HIS MEAT DIRECTLY FROM THE SLAUGHTERHOUSE, AND (3) TO MAINTAIN THE SUPPLY OF MEAT BY NOT REDUCING THE PRICE PAID TO THE PRODUCERS.
2. THERE HAVE BEEN SERIOUS DISLOCATIONS IN THE FIRST WEEK OF THIS NEW SYSTEM MANIFESTED IN A SHARP DROP IN THE GENERAL AVAILABILITY OF MEAT, ESPECIALLY BEEF WHICH NORMALLY IS ONLY SOLD THE LAST FIFTEEN DAYS OF EACH MONTH. THE FOLLOWING ARE THE PRINCIPAL REASONS FOR THIS PROBLEM:
 - A. THIS IS A NEW SYSTEM WHICH THE PRODUCERS, SLAUGHTERHOUSES, AND RETAILERS, AS WELL AS THE GOP MANAGERS, DO NOT YET UNDERSTAND.
 - B. PRODUCERS ARE HOLDING ANIMALS OFF THE MARKET

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DUE TO DIFFICULTIES AND DELAYS IN RECEIVING PAYMENT.

NINE HUNDRED TO NINE HUNDRED FIFTY HEAD OF CATTLE ARE BEING SLAUGHTERED DAILY, COMPARED TO 1400-1500 PER DAY A YEAR AGO. IN ADDITION, ELIMINATION OF "EXTRA" GRADE MEAT AND LACK OF ANY QUALITY INCENTIVES ARE EXPECTED TO SERIOUSLY AFFECT FUTURE PRODUCTION.

C. THE PERUVIAN PUBLIC, NATURALLY SUSPICIOUS OF GOP ATTEMPTS TO "RATIONALIZE" AND REFORM DISTRIBUTION SYSTEMS, IS IN THE MIDST OF "PANIC BUYING", PURCHASING AS MUCH MEAT AS THEY CAN FIND.

D. THE SYSTEM IS INCREDIBLY INEFFICIENT. BETWEEN WAITING IN LINES AND TRAVELING TO SLAUGHTERHOUSES FAR FROM THEIR SHOPS AND TO THE BANCO DE LA NACION SEVERAL TIMES, INDIVIDUAL BUTCHERS ARE SPENDING UP TO EIGHT HOURS A DAY TO BUY ONE OR TWO SIDES OF BEEF.

3. COMMENT: ALTHOUGH THE SYSTEM IS ONLY A WEEK OLD, THERE IS CONSIDERABLE GRUMBLING IN LIMA ABOUT THE SITUATION. WHILE THE AMOUNT OF MEAT IN THE MARKETS SEEMS TO BE INCREASING DAILY, THE GOP HAS PRESENTED THE CITIZENRY WITH YET ANOTHER REFORM PUT INTO EFFECT WITHOUT PROPER PLANNING. IF IT WERE NOT FOR THE STRONG PROTESTS OF THE SUPERMARKETS IN THE DAYS IMMEDIATELY PRIOR TO MAY 15, WHICH BROUGHT ABOUT SOME IMPROVEMENTS, THE SITUATION WOULD HAVE BEEN EVEN WORSE.
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARKETS, POLICIES, SALES, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LIMA04267
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750183-0025
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750524/aaaaauzy.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LIMA 3671
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2003 by CunninFX>; APPROVED <20 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOP INTRODUCES NEW MEAT DISTRIBUTION SYSTEM
TAGS: EAGR, EGEN, PE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006